

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2096 - SB 2071**

March 7, 2022

**SUMMARY OF BILL:** Requires the Department of Human Services (DHS) to obtain specific authorization from the General Assembly before seeking, applying for, accepting, or renewing a waiver of work requirements established by the Supplemental Nutrition Assistance Program (SNAP). Prohibits DHS from providing exemptions to work requirements under the SNAP program. Requires DHS to assign all individuals subject to such work requirements to an Employment and Training (E&T) program.

**FISCAL IMPACT:**

**Increase State Expenditures - \$227,688,000/FY22-23  
\$227,289,800/FY23-24 and Subsequent Years**

**Increase Federal Expenditures - \$406,009,100/FY22-23  
\$405,610,800/FY23-24 and Subsequent Years**

**Assumptions:**

- Requiring authorization from the General Assembly to seek or renew or a waiver of work requirements would not have a significant fiscal impact on the DHS.
- The proposed legislation would make SNAP E&T participation mandatory for non-federally exempt work registrants.
- The Department currently contracts with the Department of Labor and Workforce Development (DLWD) to provide E&T services. In FY21-22, there were 2,984 voluntary E&T participants.
- The proposed legislation would add approximately 157,946 new E&T participants in FY22-23.
- DHS receives federal funds from a 100 percent federal award for E&T services, a 50 percent match award for administrative expenditures, and a 50 percent match award for supportive services.
- The cost per participant under the existing partnership with DLWD in FY20-21 was \$1,129 for the E&T 100 percent award, \$2,742 for administrative services, and \$100 for the supportive services.
- Based on existing costs per participant, there will be a recurring increase in federal expenditures of \$178,321,034 (157,946 participants x \$1,129) in FY22-23 and subsequent years from the 100 percent award.

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- A total recurring cost of \$433,087,932 (157,946 participants x \$2,742) in FY22-23 and subsequent years for administrative services.
- Of the \$433,087,932 cost from the administrative services award, \$216,543,966 will be recurring state expenditures and \$216,543,966 will be recurring federal expenditures.
- A recurring increase in expenditures of \$15,827,769 (157,946 participants x \$100.21) in FY22-23 and subsequent years, from the supportive services award.
- Of the \$15,827,769 for the supportive services award, \$7,913,885 will be recurring state expenditures and \$7,913,885 will be recurring federal expenditures.
- A total of \$224,457,851 in state expenditures (\$216,543,966 + \$7,913,885) and \$402,778,885 federal expenditures (\$178,321,034 + \$216,543,966 + \$7,913,885) to fund the SNAP E&T program in FY22-23 and subsequent years.
- To receive the federal funds for this proposed legislation DHS must submit a budget which would have to be approved by the Food and Nutrition Service.
- This analysis assumes that DLWD will be capable of accommodating the entire group of new participants in the program. If DHS is forced to contract with third-party contractors then the cost of the program would likely increase.
- If there are not sufficient E&T slots available for every mandatory participant, some SNAP clients will have their benefits temporarily terminated.
- DHS will incur additional costs from administrative appeals to adverse actions and terminations related to the proposed legislation.
- The average employment termination rate for employees who are able-bodied adults without dependents is 11.2 percent per month.
- This analysis assumes that five percent of terminations will result in an appeal.
- An average of 885 new monthly appeals (157,946 participants x 11.2 percent termination x 5 percent appeals).
- Based on current staffing models, it is estimated that DHS will require 62 new positions to handle the increase in caseloads. The projected recurring staffing costs are estimated to be \$5,663,896 for salaries, benefits, and administrative overhead costs.
- Of the \$5,663,896 for the new positions, \$2,831,948 (\$5,663,896 x 50.0%) will come from recurring federal expenditures and \$2,831,948 (\$5,663,896 x 50.0%) will come from recurring state expenditures in FY22-23 and subsequent years.
- The DHS will need to make system modifications to the Automated Client Certification Eligibility Network for Tennessee (ACCENT) to comply with the provisions of the proposed legislation, as well as modifications to the systems to implement the E&T program.
- The estimated one-time cost for updating the ACCENT and E&T systems is \$497,000.
- DHS will need to mail a notification to approximately 422,233 SNAP participants regarding changes to E&T rules, at a total one-time cost of \$299,500.
- The cost of system updates and mailings will be split 50 percent by state funds and 50 percent by federal funds.
- A one-time increase in state expenditures of \$398,250 (\$248,500 systems + \$149,750 mailings) and a one-time increase in federal expenditures of \$398,250 (\$248,500 systems + \$149,750 mailings) in FY22-23.
- The total recurring increase in state expenditures is estimated to be \$227,688,049 (\$224,457,851 E&T + \$2,831,948 personnel + \$398,250 systems/mailings) in FY22-23

and \$227,289,799 (\$224,457,851 E&T + \$2,831,948 personnel) in FY23-24 and subsequent years.

- The total recurring increase in federal expenditures is estimated to be \$406,009,083 (\$402,778,885 E&T + \$2,831,948 personnel + \$398,250 systems/mailings) in FY22-23 and \$405,610,833 (\$402,778,885 E&T + \$2,831,948 personnel) in FY23-24 and subsequent years.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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